

## Message Text

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PAGE 01 DAMASC 03043 251628Z  
ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02  
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15  
ICA-20 EB-08 DOE-15 SOE-02 AGRE-00 COME-00 AID-05  
TRSE-00 OMB-01 /119 W  
-----114930 260437Z /11

R 251524Z MAY 78  
FM AMEMBASSY DAMASCUS  
TO SECSTATE WASHDC 8180  
INFO AMEMBASSY AMMAN  
AMEMBASSY ANKARA  
USINT BAGHDAD  
AMEMBASSY BEIRUT  
AMEMBASSY CAIRO  
AMEMBASSY JIDDA

UNCLAS DAMASCUS 3043

E.O. 11652: N/A  
TAGS: ECON, SY  
SUBJECT: SARG ANNOUNCES PRICE CHANGES ON FUELS AND FLOUR

REF: DAMASCUS 2909 (NOTAL)

1. SARG ANNOUNCED MAY 18 FOLLOWING CHANGES IN PRICES OF  
BASIC CONSUMPTION COMMODITIES: (U. . DOL ONE EQUALS LS  
3.90) (A) 9.09 PERCENT INCREASE IN PRICE OF GASOLINE  
TO LS 18 20 LITERS; (B) 100 PERCENT INCREASE IN  
PRICE OF GASOIL (MAZOUT) USED FOR COOKING STOVES, HOME  
HEATING, AND SOME MICROBUSES) TO LS 6 PER 20 LITERS;  
DECREASES IN PRICE OF FLOUR ACCORDING TO FOLLOWING  
SCHEDULE: RATIONED FLOUR TO BAKERS TO LSB 180 PER TON  
IN DAMASCUS (LS 190 IN REST OF SYRIA); WHITE FLOUR TO  
LS 275 PER TON; IMPORTED WHITE FLOUR TO LS 525 PER TON.  
2. SARG MINISTER OF SUPPLY AND INTERNAL TRADE MOHAMMED  
GHABBASH IN ACCOMPANYING STATEMENT JUSTIFIED FUEL  
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PRICE INCREASES BY REFERRING TO RISE IN WORLD OIL  
PRICES AND TO SYRIAN STATE BUDGET LOSSES WHICH RESULTED  
(LS 1.5 BILLION IN SOME YEARS, AND LS 800 MILLION  
ESTIMATED FOR 1978). GHABBASH ALSO NOTED THAT VEHICLES  
OF NEIGHBORING STATES, AS WELL AS VEHICLES AND SHIPS  
TRANSITTING SYRIA TO THOSE STATES, WERE BENEFITTING  
FROM SYRIAN SUBSIDIZED PRICES, AND THUS ADDING TO THE

HIGH OIL IMPORT BURDEN.

3. GHBBASH WAS CAREFUL TO MITIGATE INCREASES BY REFERRING TO THE FOLLOWING: ( ) REDUCTION IN PRICE OF FLOUR "TO SAFEGUARD THE INTEREST OF THE CONSUMER AND TO AVOID BURDENING HIM...IN THE BASIC MATERIAL HE NEEDS FOR HIS LIFE"; (B) MAZOUT PRICES STILL DID NOT COVER COSTS (HE PREDICTED A LS 400 MILLION BUDGET LOSS) AND WERE LOW IN COMPARISON WITH NEIGHBORING COUNTRIES; (C) PRICES OF KEROSENE (LS 4 PER 20 LITERS) AND BUTANE GAS (LS 8.5 PER CYLINDER) REMAINED FIXED (DENOUNCING REPORTED VIOLATIONS BY DEALERS, MINISTER PROMISED STRICT ENFORCEMENT IN MILITARY COURTS.)

4. COMMENT: SARG DURING PAST YEAR HAS BEEN RESTRICTING BOTH DEVELOPMENT AND REGULAR BUDGETARY EXPENDITURES IN RESPONSE TO DECREASES IN FOREIGN ASSISTANCE, SO ACTION ON FUEL PRICES WAS NOT SURPRISING. SARG, NEVERTHELESS, APPEARS TO BE TREADING WARILY FOR FEAR OF UNFAVORABLE POPULAR REACTION TO PRICE INCREASES IN BASIC COMMODITIES. LESSON OF CAIRO DISTURBANCE IN JANUARY 1977 APPARENTLY IS NOT LOST ON SYRIAN GOVERNMENT OFFICIALS. SUCH CAUTION MAY BE JUSTIFIED: EMBOFF WAS ASSAILED WITH UNBIDDEN COMPLAINTS FROM TAXI DRIVER IMMEDIATELY AFTER INCREASES WERE ANNOUNCED.  
PELLETREAU

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## Message Attributes

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**TAGS:** ECON, SY  
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